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New Organic Certification and Product Labeling Program in Mexico

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Report Highlights:

On October 29, 2013, the Government of Mexico unveiled a new program of rules and requirements for organic agriculture certification. Published in the Federal Register (Oficial Diario de la Federación), the program attempts to improve efficiency and simplify the procedures for both transition and maintaining yearly organic certification. As the organic industry continues to grow, including a ten-fold increase of producers since 2008, an improved regulatory framework for all segments of the industry was needed. The program utilizes many requirements and policies contained in the USDA National Organic Program (NOP) guidelines, and emulate internationally accepted rules. In addition, new designs, specifications, and coloring schemes of the official label are published that will apply to Mexican companies selling organic products. As consumer demand continues to grow, both U.S. and Mexico organic agriculture will continue to see many favorable opportunities for

investment and trade.

General Information:

The National Development Plan of Mexico 2013-2018 aims for a more prosperous nation by achieving its “Mexico Prospero” goal, which strives to promote economic growth with adequate infrastructure and healthy competition for all producers. In addition, strategic deregulation and a simplification of the agricultural framework are prioritized in hopes of better realizing the large potential of the agricultural industry. Therefore, in October 2013, the Government of Mexico (GOM) published an organic labeling program and a new regulatory framework for the entire organic industry that affects producers, retailers, and processors. In an effort to improve exports and assist in consumer needs, the GOM presented a new framework and guidelines for certification of the organic production system. The GOM’s first considerable involvement in organic regulation began in 2006 by passing the *Organic Products Law*, and the government’s involvement in this sector has increased significantly since that time. The Mexican Secretariat of Agriculture, Livestock, Rural Development, Fisheries, and Food (SAGARPA) developed “Regulations for the Organic Products Law” which had support from the Secretariat of the Economy (ECONOMIA), the Secretariat of Health (SALUD) and the Secretariat of the Environment (SEMARNAT). Organic agriculture in Mexico has changed noticeably due to both a growing consumer base and producers looking to supply new markets. With a strong purchasing power for upper-middle class consumers, U.S. organic exports should continue to benefit from favorable market opportunities.

In 1967, the first recognized certified ‘biodynamic’ organic farm in Mexico was registered in Chiapas. Broader recognized organic production in Mexico would begin in the late 1980’s to early 1990’s. In that period, 13,000 small producers were cultivating approximately 23,000 hectares using organic methods, although most were not certified. However, by 2002, over 200,000 hectares were being cultivated with organic crops by over 50,000 producers. Over 98 percent of the organic production was exported to primarily Europe, followed by the United States and Japan, as both international organic recognition and consumer demand increased dramatically. Mexican’s certified organic farmers receive premiums for their products, set forth by large consumer demand internationally, especially from ‘fair-trade’ products and cooperatives.

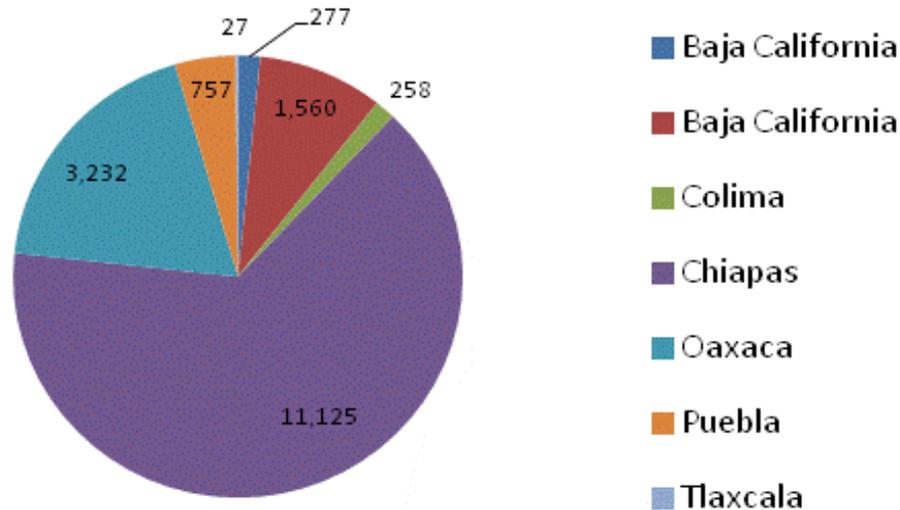
The Mexican organic agricultural industry looks to expand as the demand for organic and perceived healthy foods by conscientious consumers has created new market opportunities, both domestically and abroad. In 2007, for example, the United States imported 3.2 million metric tons of organic vegetables and 1.8 million metric tons of fruit from Mexico. More recently, the value of U.S. cumulative organic exports to Mexico total 103 million dollars from January-August 2013, which represents 75 percent growth since 2011. Current 2013 organic export projections expect to surpass the 2012 cumulative total of \$113 million. Mexico is a global production leader in the following organic agricultural categories:

Product	World Ranking	Totals
Coffee	First	457,622 Acres
Producers	Third	128,862 persons

Tropical and Sub-Tropical Fruits	First	115,324 Acres
Vegetables	Second	87,845 Acres

Source: IFOAM, 2012

Mexico Certified Organic Production by State-2011 Hectares



Source: INEGI, 2012

Note: The states of Guerrero, Mexico, Sinaloa, Sonora, and Yucatán did not report any organic certified production at that time.

In addition to Mexico’s large acreage devoted to organic production for export, in the past decade domestic consumption of organic products has grown significantly and has created markets for various organic products. According to the *Asociación Impulso Orgánico*, Mexico has recorded strong growth in consumer demand for organic products, rising 10 percent each year. In addition, 85 percent of Mexico’s organic production is exported—mainly to European and U.S. markets. Organic products sold in Mexico are priced 20-40 percent higher than conventional brands; trends which are similar to the United States. Based on strong market opportunities in exports such as coffee, fruits and vegetables, as well as growing local consumer requirements, the Mexican organic industry as a whole will continue to expand, but will not be able to meet overall consumer demand in the near future based on low overall domestic production, presenting a marketing opportunity for U.S. organic producers.

Organic sales have increased in supermarkets and GOM-supported trade events where informational seminars and displays are presented. Today, the majority of retail chains such as Chedraui, Wal-Mart, City Market, and Soriana carry organic products. Price is still a major determining factor in purchasing decisions, but an increasing number of consumers will continue to buy more expensive organic products, citing perceived health benefits and supporting smallholder farmers and the environment.

Label and Design

Organic products sold in Mexico feature the following logo designs and color formats:



The national organic labels shown are two examples of the multiple coloring schemes allowed. The design features a yellow leaf, a blue fish, and a green hand. This label will be required on all organic food products, including Mexican exports.

National label to be utilized for the declaration of properties, sale points, and commercial documents (label has multiple coloring schemes).

Current USDA Organic Label: U.S. exported products with the USDA label will not be subject to the new labeling requirements.

The new Mexican organic label should provide improved product recognition for consumers. The national label is a trademark, which will carry only organic products that fulfill the Organic Products Law and its provisions, and companies will have six months to comply with the new law when it comes into effect or be subject to penalty. Advertising materials, commercial documents, and points of sale will also contain this labeling requirement. The USDA organic label will still be valid, as long as U.S. exporters remain in compliance with the new GOM program. Currently, a Mexican population base with strong purchasing power is being exposed to greater varieties of perceived healthy foods, including processed items and organic. As consumers are becoming more health conscientious, in wake of recent statistics that suggest Mexico is in the midst of an obesity epidemic, the opportunities for U.S. exported organic products remain high.

Regulation and Policies

The current organic certification regulations as written, emulate many concepts and policies from other international agencies, including the USDA NOP, and the Japan Agricultural Standard. Due to its infancy as a regulatory framework, SAGARPA does not have any bilateral organic regulation agreements, such as the 2012 European Union-National Organic Program Equivalency Arrangement. At this time, the United States has organic trade agreements with Canada, the European Union, Taiwan, and Japan. SAGARPA has noted and USDA has acknowledged Mexico's interest in equivalency with the USDA. According to the new program, it should be noted that imported products from the U.S. may be labeled in Mexico as organic provided they meet the guidelines states by SAGARPA. Additionally, private certification entities and producers will be able to work with SAGARPA to resolve issues that may arise with organic imports and certification differences.

The program and rules of certification are very similar to the requirement set by the USDA NOP. However, one issue regarding seed treatments could affect organic seed imports to Mexico, especially products from the United States. In accordance with the Mexico Organic Products Law, imported seeds or vegetative material will be treated with methods or treatment including the use of hot water, copper sulfate pentahydrate, *Trichoderma Spp*, or *Bacillus Subtilis*. Copper sulfate pentahydrate is allowed according to NOP regulations, as are certain *Trichoderma Spp* compounds. It is unclear whether once the entire list of required seed treatments becomes public; it will include a product banned by USDA NOP.

Currently, more than a dozen certification companies exist in Mexico, both international and domestic companies. CertiMex, based in Oaxaca is the largest domestic agency, certifying primarily coffee producers. Currently, there are no government managed certification agencies such as those witnessed in the United States (IDALS, Oregon Department of Agriculture, etc.), and it is unclear if certain Mexican state governments or SAGARPA intend to establish such programs. Mexican products exported to the United States must continue to abide by the NOP rules and be certified by a nationally accredited agency. This list can be found at <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5100384>. SAGARPA will soon announce through its website, the list of materials, substances, equipment, and operating methods and ingredients and their formulations, and the list of prohibited transactions for organic production. This will be similar to the list of materials, such as certain pesticides and fertilizers stated on the Organic Materials Review Institute (OMRI). Although the rules and regulations for each entity are too many and broad to list in this report, some of the more significant policies are provided with equivalency to U.S. requirements:

Table 1. Comparison of Certain Organic Rules between USDA-NOP and SAGARPA

Rule	USDA National Organic Program	SAGARPA Organic Program
Use of Sodium Nitrate (Chilean)	Banned in 2012 by OMRI	Not allowed
Inspection during conversion process	At least one inspection	At least one inspection
Length of Conversion process for Crops	Three years, crop may be sold on third year	Three years, crop may be sold on third year
Ingredients in organic foods	Product must be at least 95% percent organic, excluding salt and water	Product must be at least 95% percent organic, excluding salt and water
Slash and Burn	Prohibited to burn crop residues solely as a means of disposal, but is permitted for disease suppression or stimulation of seed germination	Organic operators cannot practice the burning of vegetation or vegetated areas, organic matter, agricultural wastes or organic wastes in general
Genetically Modified Organisms (GMO) or laboratory derivatives	Not allowed	Not allowed
Livestock Drugs, including vaccines and antibiotics	Vaccines, and pain medication and dewormers (for dairy and breeder stock) are allowed. Therapies are only allowed if preventive strategies fail and the animal becomes ill. The use of therapeutic antibiotics is not allowed.	Prohibited are biological products except vaccines that have been properly evaluated by SAGARPA. The use of therapeutic antibiotics is not allowed.
Feeding Requirements for Ruminants	Must have free access to certified organic pasture for the entire grazing season. This period is specific geographic climate, but	Breeding systems are based on maximum use of pastures, subject to availability. At least 60% of the dry matter in daily rations shall consist of roughage, fresh, dried or ensiled. However,

	must be at least 120 days. Also known as "Pasture Rule"	in the case of animals for milk production, an operator may use up to 50 % over a maximum period of 3 months in early lactation
Artificial Insemination (AI)	Allowed when natural behavior is impractical and new breeding genetics are required	Artificial insemination may be performed prior authorization from the Secretariat
Animal Spacing requirements, including crates, individual pens	All livestock will have access to outdoors, direct sunlight, and the opportunity to exercise. NOP regulations do not directly address farrowing crates or gestation stalls	Sows can be kept in groups; during lactation and in the last third of the gestation period can be in individual pens to ensure their welfare. Piglets may not be kept on flat decks or in piglet cages. See Table 2 for complete list of animals and spacing requirements

Table 2. Stocking Limits for animals class and species which allowed in Mexico Organic Animal Production:

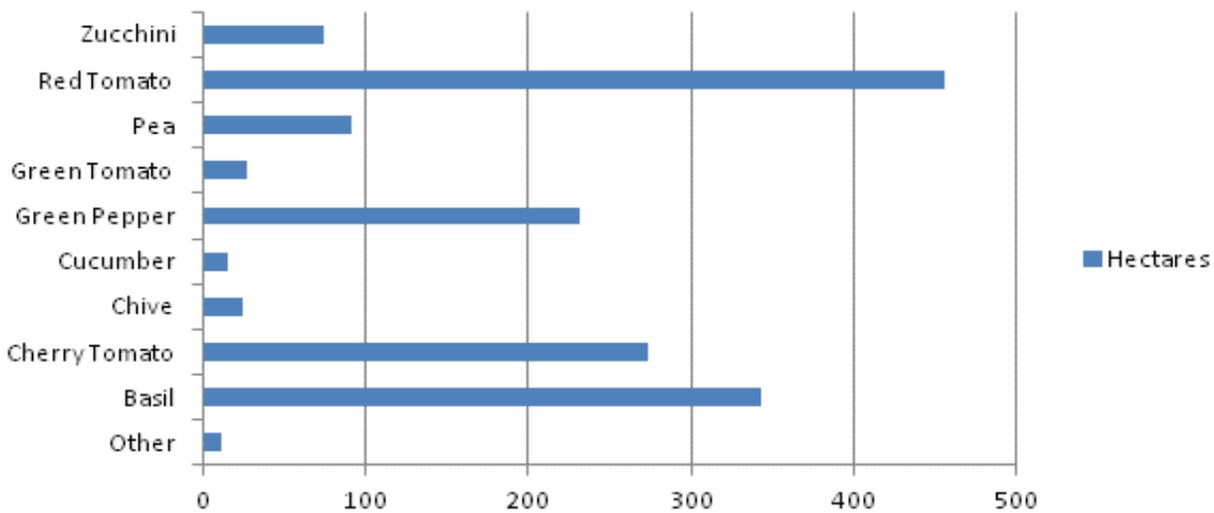
Maximum number of animals per hectare by class and species	Maximum number of animals per hectare is equivalent to 500 Kg * N/ha/year
Equines over six months	2
Calves	5
Other bovines less than one year old	5
Bovine animals 1 to 2 years	3.3
Male cattle over 2 years	2
Breeding Heifers	2.5
Finishing Heifers	2.5
Dairy Cows	2
Dairy cull cows	2
Other Cows	2.5
Rabbits	100
Sheep	13.3
Goats	13.3
Piglets	74
Sows	6.5
Feeder Pigs	14
Broilers	580
Layers (Hens)	230

Source: SAGARPA, Diario Oficial del Acuerdo de Organicos, 2013

Due to its overall agricultural potential, Mexico is seeing increases in organic production of various foods and commodities. The primary crops produced organically include coffee (40 percent of all organic certified land), cocoa and vegetables; including tomatoes, corn, hot peppers, avocados, cucumbers, onions, squash, and garlic. Fruits make up a slightly smaller percentage of organic production, and include apples, bananas, mangoes, melons, lemons, and berries. A minor fraction of organic production is devoted to grow products including, peanuts, vanilla, sugar cane, beans, peas, sesame seeds, mint, ginger and other herbs and medicinal plants. Mexico is also increasing its organic honey production and other products such as poultry and eggs, red meats

and dairy products continue to slowly expand. The following chart shows the amount of production by product:

Harvested Area of Mexico Organic Production by Crop 2011 (Excluding Grains and Coffee)



Source: INEGI, 2012

Note: Coffee Production is by far the leading amount of certified organic crop production in Mexico, with 20,248 hectares under certification in 2011.

Organic products in high demand are specialty processed foods, fresh fruits and vegetables, poultry and eggs, meat and dairy products. Specialty stores and farmers markets in certain parts of the country have attempted to meet this demand. A large quantity of U.S. imported organic products are being sold including cheeses, wines, salad dressings, breakfast cereals, and baby foods. The Mexican food service sector has also been including organic products on menus, and although organic foods are not distributed widely, major high-end hotel chains have at least some organic options on their menus. Small organic restaurants are opening their doors throughout the country and gaining clients. Products used by these facilities are mainly being sourced locally through local distributors or by direct purchases from organic stores.

With the new labeling requirements and organic rules for retailers and producers, the potential for Mexican organic agriculture remains high. Additionally, U.S. companies should continue to monitor the new program, and consult with their certifying agency for international rules and regulations.

More Information

For U.S. National Organic Program Regulations visit: <http://www.ams.usda.gov/AMSV1.0/nop>

For Organic Trade Information on Mexico, visit the Organic Trade Association website:

<http://www.ota.com/index.html>

Regarding the Mexico Organic Program and new labeling requirements visit (in Spanish):

<http://www.senasica.gob.mx/?idnot=1532>

<http://www.sagarpa.gob.mx/DELEGACIONES/QUERETARO/boletines/Paginas/2013b095.aspx>

For past information on other relevant organic reports for seed treatments and production guidelines from USDA-FAS Mexico, please see:

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Coffee%20Annual_Mexico%20City_Mexico_5-24-2010.pdf

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Mexico%20Releases%20Revised%20Organic%20Production%20Guidelines_Mexico_Mexico_11-5-2012.pdf

Note: no official English translation exists as of this writing for either decrees (Regulations for Mexico Organic Agriculture Program and Organic Label). For questions regarding either of these programs, contact the ATO-Mexico City Office:

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Liverpool No. 31 Col. Juárez 06600 México,
Mexico City Tel: (011-5255) 5140-2671

E-mail: atomexico@usda.gov

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United States Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics. <<http://www.fas.usda.gov/gats/default.aspx>>

